

**GENERAL IMPACT EXTRUSIONS LTD.****NOTICE OF ANNUAL GENERAL MEETING****April 24, 1968**

Notice is hereby given that the Annual General Meeting of the shareholders of General Impact Extrusions Ltd. will be held at the head office of the Company, 191 Evans Ave., in the City of Toronto, Ontario, at 2:30 p.m. (Toronto time) on Wednesday, April 24, 1968 for the following purposes:

1. to receive and consider the report of the Directors, the financial statement of the Company for the year ended December 31, 1967 and the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to transact such other business as may properly be brought before the meeting.

Dated at Toronto, Ontario, this 29th day of March, 1968.

By Order of the Board of Directors,

ROGER L. BEAULIEU, Q.C.,

*Secretary.*

If it is not your intention to be present at the meeting, please exercise your right to vote by signing and returning your form of proxy in the envelope enclosed herewith for that purpose.

## **PROXY STATEMENT AND INFORMATION CIRCULAR**

### **GENERAL**

This statement is furnished in connection with the solicitation of proxies by the management of General Impact Extrusions Ltd. (hereinafter called the "Company"). It contains information concerning the matters to be voted upon at the Annual General Meeting of Shareholders of the Company to be held at the head office of the Company in the City of Toronto on April 24, 1968 at 2:30 p.m. (Toronto time).

Any proxy submitted by a shareholder may be revoked by the person giving it either by executing a proxy bearing a later date or a written notice of revocation and delivering the same to the Secretary of the Company, c/o Canada Permanent Trust Company, 1901 Yonge Street, Toronto 7. All proxies must be lodged with the Secretary of the Company, at or prior to the commencement of the meeting.

The persons named in the enclosed form of proxy are directors of the Company. A shareholder has the right to appoint a person to represent him at the meeting other than the persons designated in the enclosed form of proxy and may do so either by inserting such person's name in the blank space provided in such form and deleting the names printed in such form or by completing another proper form of proxy and, in either case, delivering such proxy to the Secretary of the Company, c/o Canada Permanent Trust Company, 1901 Yonge Street, Toronto 7.

No director of the Company has informed management that he intends to oppose any of the proposed actions for which the approval of the shareholders is sought, and management knows of no business which will be presented for consideration other than that mentioned in items 1, 2 and 3 of the notice of the meeting.

The costs of circulating this Information Circular and the solicitation of the enclosed proxy are being borne by the Company.

### **1. FINANCIAL STATEMENT**

The audited financial statement of the Company for the fiscal period ended December 31, 1967 was approved by the Board of Directors of the Company at a meeting held on February 21, 1968 at which time Mr. Michael M. Koerner and Mr. Otto E. Rieder were authorized to sign the balance sheet on behalf of the Board. The financial statement and auditors' report thereon are contained in the Annual Report of the Company for the year ended December 31, 1967 which is submitted herewith to the shareholders of the Company for their consideration.

### **2. ELECTION OF DIRECTORS**

The affairs of the Company are managed by a board of six directors who are elected annually at each Annual Meeting of Shareholders to hold office until the next annual meeting or until their successors have been duly elected or appointed. The following table sets out the name of management's nominees for election as



directors; his principal occupation at present and during the preceding five years; all positions and offices in the Company held by him; the year in which he was first elected a director; the approximate number of shares of the Company that he has advised are beneficially owned by him directly or indirectly as of March 25, 1968. Each of such persons now is a director and has served continuously in that capacity since his first election.

<i>Name</i>	<i>Principal Occupation</i>	<i>Director Since</i>	<i>Approximate Number of Shares Owned as of March 25, 1968</i>
BERNARD D'ARAGON	Executive Vice-President, Pole-Lite Ltd.	1967	73,270
ROGER LOUIS BEAULIEU, Q.C.	Advocate, Martineau, Walker, Allison, Beaulieu, Tetley & Phelan	1955	21,854
MICHAEL MILAN KOERNER	President, Canada Overseas Investments Limited	1955	113,141
JOHN ANDREW POWELL	President, Canaplan Leasing Limited	1955	1
OTTO EUGEN RIEDER	General Manager of the Company and of General Impact Extrusions (Manufacturing) Ltd.	1957	38,637
DONALD COLIN WEBSTER	President, Neptune Terminals Limited	1955	92,167

The only directors or officers who have not held their present business affiliations for the last five years are Messrs. Powell, Webster and d'Aragon. Mr. Powell was, from 1962 to September 1967, President and General Manager of Current Events Limited and remains the President of that Company. Mr. Webster was, from 1961 to April, 1966, General Manager of Seaway Terminals. Mr. d'Aragon was, from 1942 to October, 1967, a Metallurgical Engineer with the Aluminum Company of Canada, Limited.

### 3. APPOINTMENT OF AUDITORS

It is proposed to re-appoint Peat, Marwick, Mitchell & Co., Chartered Accountants, 4 King Street West, Toronto 1, Ontario, as auditors of the Company and to provide that remuneration of the auditors be fixed by the directors of the Company. Peat, Marwick, Mitchell & Co. have been auditors of the Company since its incorporation in 1955.



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*Mr Larkin*  
*Then*  
RESEARCH BRIEF

GENERAL IMPACT EXTRUSIONS LTD.

Price May 2, 1968	Earnings per share (Years ended December 31)			P. E. Ratio (on 1968 est.)	Indicated dividend	Yield
	1966	1967	1968(est.)			
\$11	\$0.33	\$0.70	\$0.87	12.6X	\$0.10	1.1%

The Company General Impact Extrusions Ltd. utilizes the impact extrusion process to produce a variety of products such as collapsible tubes for tooth-paste, aerosol cans, felt tip markers, components for anti-submarine warfare, training weapons, ground and aerial defense hardware, and other items for the military in Canada and the United States. Impact extrusions have also been produced for electronic and automotive uses. Last year a new glue packaging method incorporating the Company's patented "pin-tip" plastic insert applicator was developed.

The impact extrusion process is essentially a metal working system which; by the application of extreme pressure shapes metal into the desired precise form with a minimum of machining and without wasting metal. Although aluminum is the metal primarily used at present, the process is generally applicable to other metals. Benefits accruing from the process include fuller material utilization, close tolerances, low labour input, and high machine productivity.

Recently the Company established a wholly-owned operating subsidiary in the U.S., GIE Corporation of Buffalo, N.Y. It also holds a 50% interest in an injection moulding plastic company, Xyno Plastics Ltd., whose accounts are not consolidated with those of General Impact. Consolidation of the Company's portion of Xyno Plastics Ltd.'s earnings in fiscal 1967 would have resulted in General Impact reporting per share earnings of 74¢. Continued strong growth in the sales and earnings of Xyno Plastics is expected over the next few years.

Sales From 1963 to 1967, sales increased from \$1.7 million to \$10.0 million due largely to a substantial increase in defense business, which now accounts for about 75% of total sales. The military products are spread over a broad base and are not directly tied to the conflict in Southeast Asia. For 1968, sales are expected to show a gain of 10% to 15%. When GIE Corp., which commenced limited operations at the beginning of the year becomes fully operative, sales should expand further.

Earnings The Company's earnings have increased from \$70,000 or \$0.12 per share in 1964 to \$363,000 or \$0.70 per share in 1967. The record has been as follows:



(\$'000)

Years ended Dec. 31	Actual				Est.
	1964	1965	1966	1967	1968
Sales	\$1,684	\$2,901	\$6,661	\$9,993	\$11,000
Operating profit	264	335	718	1,189	1,560
Net before taxes	127	112	395	729	936
Income taxes	57	52	197	366	486
Net earnings	70	60	198	363	450
Operating profit margin	15.7%	11.5%	10.8%	11.9%	14.0%
% increase in sales	n.a.	12.9%	129.6%	50.0%	10.0%
Earnings per share	\$ 0.12	\$ 0.11	\$ 0.38	\$ 0.70	\$ 0.87
Cash flow	0.33	0.49	0.93	1.46	1.45

It is estimated that net profit for General Impact could show an increase of about 25% over last year, although much will depend upon GIE Corporation's results. Although this subsidiary commenced production in January, 1968, production will not build up to significant levels until the second half.

Financial Position In late 1967, an underwriting of 110,000 common shares was arranged which netted the Company \$588,926, while term financing brought in an additional \$250,000 in early 1968. Even after an aggressive capital expenditures program, the Company's working capital increased to \$270,574 at the end of 1967. Cash flow per share showed an increase of over 55% from \$0.93 to \$1.46.

Dividends The Company has paid dividends on the common shares in each of the last five years. In 1967, \$0.10 per share or approximately 15% of net earnings was paid out, up from \$0.083 per share in 1966. The yield on the indicated dividend is 1.1%.

Market Action An issue of 110,000 common shares was offered to the public for the first time in November, 1967 at \$5.75 per share, and the price quickly rose in the over-the-counter after market to the \$12 level, because of the thin market and wide interest in the offering. After reaching a high of \$12 1/2, the shares settled back to the \$7 level but have moved up sharply in the past three weeks to the \$11 level.

Comment In part because of management's proven ability, and in part because of new markets and technical innovations, General Impact's dynamic growth in sales and earnings is expected to continue in the future. In a growth situation of this type, management's ability to react to technical and market changes is of prime importance. We feel that the Company's management, by being acquisition and diversification minded, has provided a solid base for future earnings. Depending upon the results from the New York subsidiary, which will have some effect on the total profit picture, General Impact should show a profit increase of at least 20% this year.

While the stock is clearly a junior situation and the market is thin, we feel that at 15.7 times reported 1967 earnings and 12.6 times estimated current earnings, it is attractive for medium term growth.

Toronto, Ontario.  
May 2, 1968

The following list includes the name of every director of Pitfield, Mackay, Ross & Company Limited and of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Pitfield, Mackay, Ross & Company Limited: A. S. Torrey, S. J. Langill, K. M. Sedgewick, W. C. Pitfield, E. F. C. Kinnear, P. J. Smith, R. L. Hunter, D. L. Torrey, W. Y. Soper, J. M. Arbour, H. H. Mackay, J. M. McAvity, W. G. Pavey, D. J. Langill, H. A. Wheeler, K. A. Wright, D. C. Mackay, C. B. Loewen, A. F. MacAllaster, D. G. Ross, E. R. Pope, T. H. Baker, B. E. Thompson.



FROM: Mr. M. M. Koerner,  
President,  
General Impact Extrusions Ltd.,  
191 Evans Avenue,  
Toronto 18, Ontario.  
363-0841

FOR IMMEDIATE RELEASE  
April 17, 1969

*LH*

GENERAL IMPACT EXTRUSIONS LTD. INCREASES SALES IN 1968

The new Annual Report of General Impact Extrusions Ltd. declares that the Company had a profit of \$293,191 for the year ended December 31, 1968 on sales of \$10,359,814. This compares to a profit of \$384,602 in 1967 on sales of \$9,992,732. Earnings were depressed during the first half of the year by certain non-recurring factors; as a result earnings in the first half were 14¢ per share whereas in the second half they were 43¢ per share.

M. M. Koerner, President, says in the Annual Report that the Company's new U.S. subsidiary in Buffalo commenced operations during the year and has built up its level of operations to a profitable basis. Significant physical improvements took place in the Company's Toronto plant during the year, and as the Company entered 1969 with an order position more than 100% higher than at the same time last year the outlook for 1969 is most encouraging.

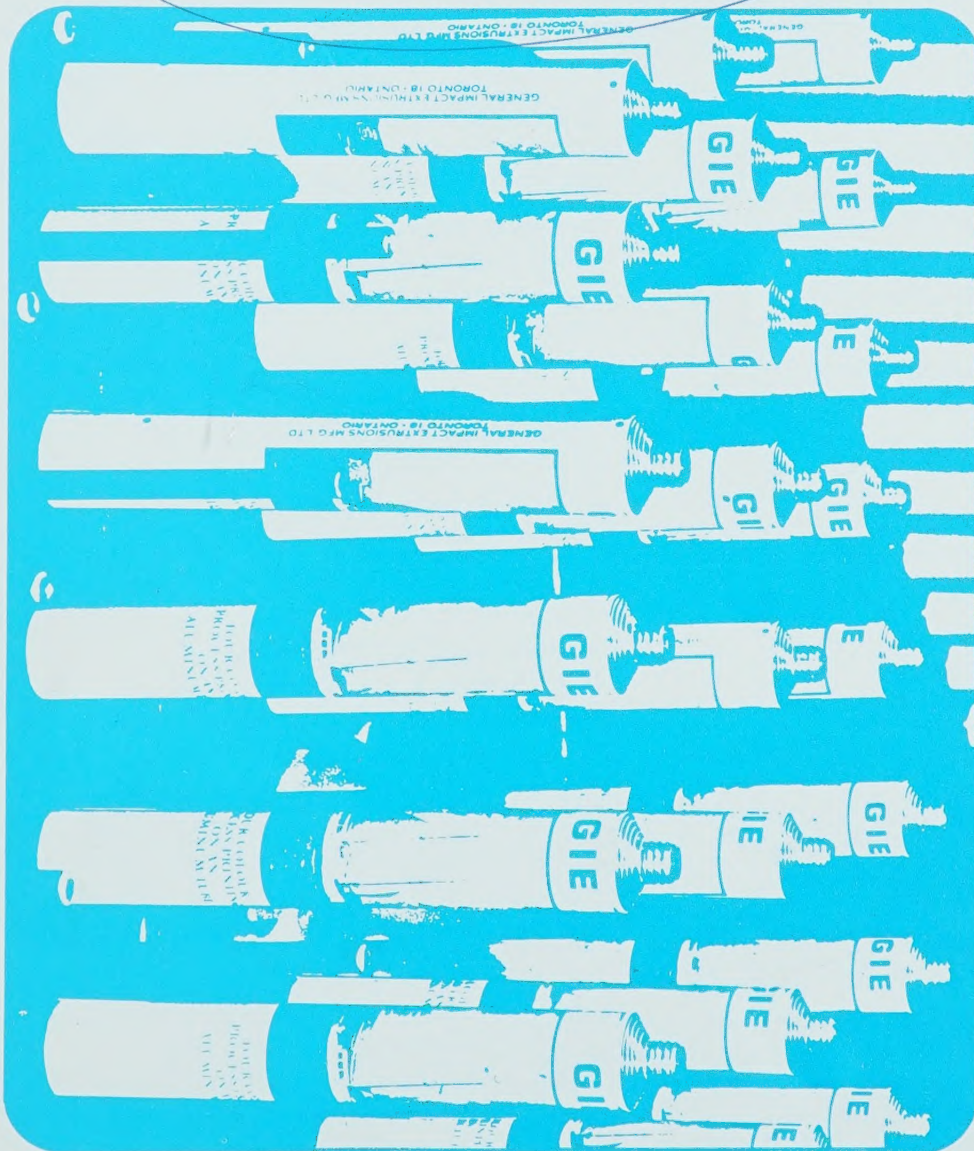
Xyno Plastics Ltd., the Company's 50% owned plastics subsidiary, expanded rapidly during 1968 through an acquisition and now operates two plants in Toronto, and has become a major Canadian source for injection molded precision plastic components.





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# GENERAL IMPACT EXTRUSIONS LTD.



ANNUAL REPORT NINETEEN SIXTY-EIGHT

# annual report

for the year ending december 31, 1968

## DIRECTORS

BERNARD d'ARAGON,  
*Executive Vice-President,  
Pole-Lite Ltd., Montreal*

ROGER L. BEAULIEU, Q.C.,  
*Martineau, Walker, Allison, Beaulieu,  
Phelan & MacKell, Montreal*

J. MONTAGUE BRIDGMAN,  
*Consultant, Toronto*

MICHAEL M. KOERNER,  
*President*

J. ANDREW POWELL,  
*President, Canaplan Leasing Ltd., Montreal*

OTTO E. RIEDER,  
*General Manager*

DONALD C. WEBSTER,  
*President, Neptune Terminals Ltd., Toronto*

## OFFICERS

MICHAEL M. KOERNER,  
*President*

OTTO E. RIEDER,  
*General Manager*

DONALD C. WEBSTER,  
*Vice-President*

ROGER L. BEAULIEU, Q.C.,  
*Secretary*

Officers and key personnel  
of operating subsidiaries and  
affiliated company

## GENERAL IMPACT EXTRUSIONS (MANUFACTURING) LTD.

MICHAEL M. KOERNER, *President*

OTTO E. RIEDER,  
*Executive Vice-President and General Manager*

DONALD S. ARNOTT, *Vice-President Sales*

FREDERICK N. DEWIS,  
*Vice-President Manufacturing*

GEORGE B. THIEL, *Treasurer*

ROGER L. BEAULIEU, Q.C., *Secretary*

## G. I. E. CORPORATION

MICHAEL M. KOERNER, *President*

OTTO E. RIEDER, *Vice-President*

PHILLIP PERKINS, *General Manager*

J. PALESTINO, *Sales Manager*

OWEN B. AUGSPURGER, *Secretary*

## XYNO PLASTICS LTD.

CHARLES W. LOFGREN, *Chairman*

MICHAEL M. KOERNER, *President*

OTTO E. RIEDER, *Vice-President*

DONALD C. WAINMAN, *General Manager*

GEORGE B. THIEL, *Treasurer*

ROGER L. BEAULIEU, Q.C., *Secretary*



# general impact extrusions ltd.

and its wholly owned subsidiaries—

GENERAL IMPACT EXTRUSIONS (MANUFACTURING) LTD.  
191 Evans Ave., Toronto 18, Ontario.

G.I.E. CORPORATION  
75 Boxwood Lane, Cheektowaga, New York 14225, U.S.A.



*The Company's principal plant and head office in Etobicoke, Ontario covers more than 135,000 square feet of space.*

# financial highlights

	<u>1968</u>	<u>1967</u>
Sales	\$10,359,814	\$9,992,732
Earnings before taxes	594,491	750,662
Net Earnings	293,191	384,602
Cash Flow	592,574	777,524
Earnings per share*	\$.57	\$.74
Cash Flow per share*	\$1.14	\$1.50
Dividends per share*	\$.10	\$.10
Shareholders' Equity per share*	\$3.20	\$2.74
Capital Expenditures	844,343	1,045,113
Number of Employees	683	585

*\*based upon 518,900 shares outstanding*



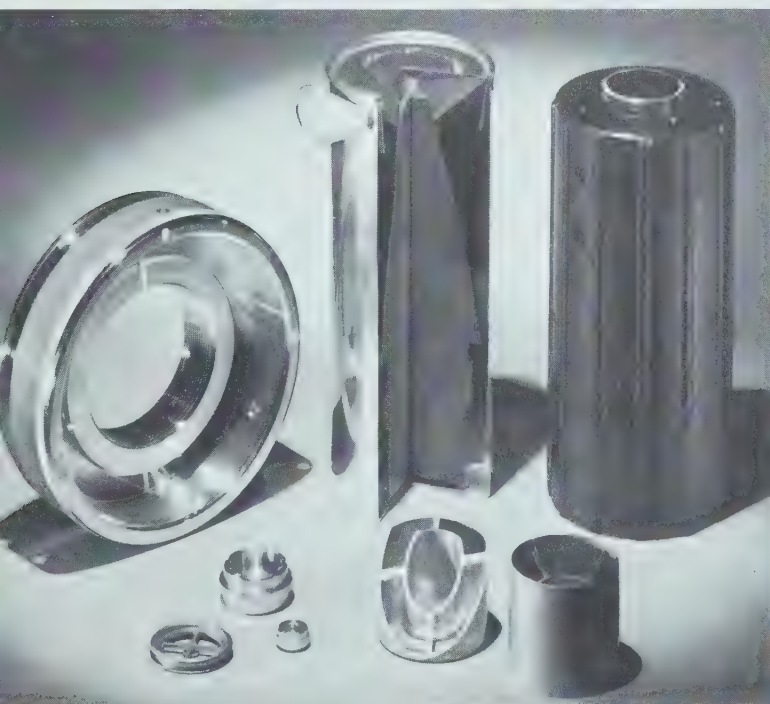
# to our shareholders

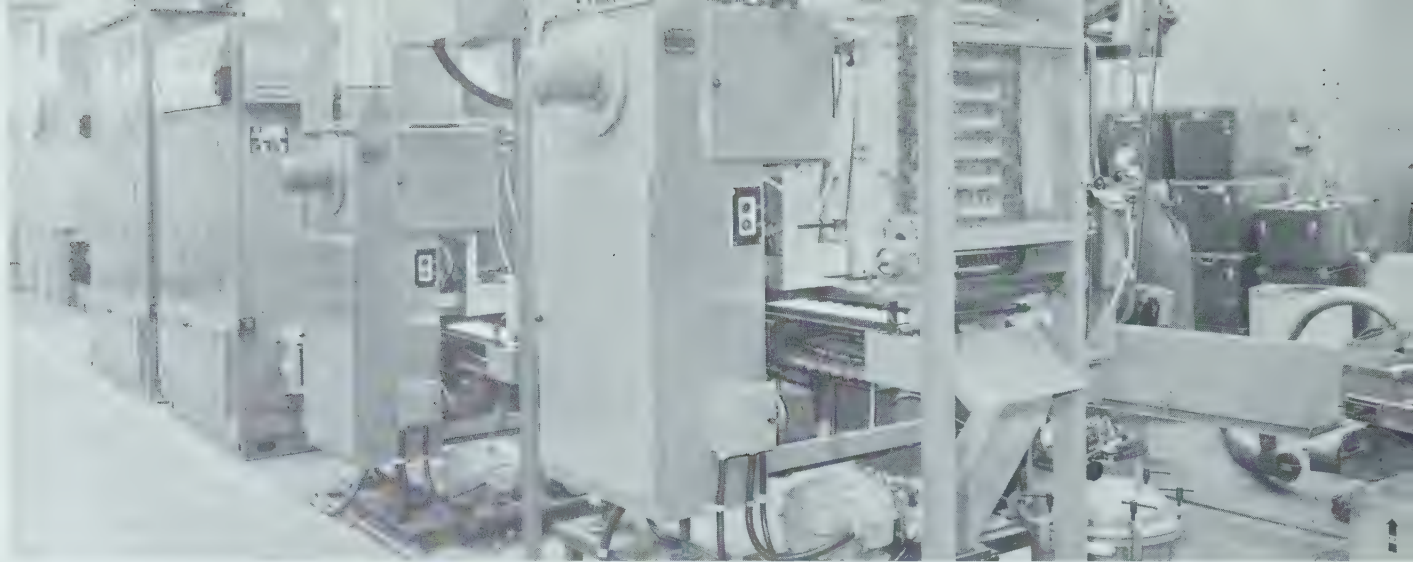
In 1968 General Impact Extrusions Ltd. achieved new record levels of sales. Though new sales and production records were attained, earnings were at less than record levels due to three non-recurring causes:

- ✓ 1.) increased metal costs due to a strike in the Company's principal raw material supplier,
- ✓ 2.) delays and resultant losses in production on one substantial defence contract and
- ✓ 3.) start up costs of G.I.E. Corporation, your Company's wholly-owned subsidiary in Buffalo. These factors were largely felt in the first half of the year, during which period earnings were depressed to \$77,775; during the second half of the year earnings rose to \$225,416, the best second half performance in the Company's history.

Significant physical improvements took place in the Company's Toronto plant during the year. The Buffalo plant went on stream in 1968 and additions to its productive capacity are still going on. Xyno Plastics Ltd., which is 50% owned by General Impact Extrusions Ltd., expanded during the year and through an acquisition has more than doubled in size. With this enlarged base in all divisions, the 1969 outlook for growth in sales and profits is auspicious.

*A variety of products made by the heavy impact extrusion division showing complexity of shapes and precision of finish.*





*To complement one of the Company's more sophisticated automatic collapsible tube lines, new fully automatic inside coating equipment has been installed.*

## the year in review

### GENERAL IMPACT EXTRUSIONS (MANUFACTURING) LTD., TORONTO

During the year a variety of additions were made to the heavy impact extrusion division, with emphasis being on increasing productivity in machining of extrusions. Typical of such improvements are some new high speed, six spindle, chuckers. Continued progress is being made in automation and materials handling and the larger average size of contract now being received by this division lends itself to such improvements.

A major capital investment in the heavy impact extrusion division is the installation of a continuous anodizing line which will be the first such facility in Canada for the anodizing of small metal parts. This is an example of the emphasis the Company places on controlling as many of the production functions as possible so as to increase efficiency and quality control. It is anticipated that the anodizing line will commence operations in April and service the requirements of both the Toronto and Buffalo plants.

The packaging division continues to grow in capacity and operational flexibility manufacturing products such as collapsible tubes, aerosol cans and marker shells. During the last quarter of 1968 one of the Company's three fully automatic collapsible tube lines was adapted so that inside coated aluminum tubes can be manufactured on a fully automated basis. There is a growing demand for such tubes to replace the more traditional lead tube in certain more chemically active packaging applications.

*Aluminum aerosol cans are used for a multitude of products such as shaving cream, hair spray, deodorants and butane.*





*The Buffalo, N.Y., plant of G.I.E. Corporation has a total floor area of more than 35,000 square feet and substantial land area for expansion.*



#### G.I.E. CORPORATION, BUFFALO, N.Y.

In 1967 the first steps were taken to establish, finance and equip the Company's U.S. subsidiary at Cheektowaga close to Buffalo's International Airport. In 1968 as equipment arrived, the plant went progressively into production. The employment level is one guide to the plant's activity: on January 1, 1968 16 people were employed, while at the close of the year the total was 119. During the year \$231,567 was invested in machinery and equipment and at the year end total investment, including preproduction expense, stood at about \$900,000.

The building up of a new organization at a time of peak economic activity is trying. In all areas of management and production skills it has been more difficult to find people than had been originally anticipated. Despite some early setbacks, an effective management group has been put together and plant employees, with training and assistance from the Toronto plant, are acquiring rapidly the requisite skills. In this regard G.I.E. Corporation is participating in a training project under the New York State Manpower Training Act whereby the cost of raising skill levels of employees is partially reimbursed under the Act.

# research and development

Continued and vital work is being performed in the development of new products utilizing impact extrusions and chipless forming of aluminum components. Research and development contracts have been completed on a number of ordnance components and it is expected that this work will lead to production runs over the next year or two.

Experimental work is being done on metals other than aluminum. A recently completed contract for Atomic Energy of Canada Ltd. actually involved a combination extrusion of zirconium and copper, both metals being impacted simultaneously resulting in a zirconium tube with copper cladding on both the inside and outside. This product is used for fuel canning in reactors.

*Continuous automatically controlled anodizing line has capacity to surface treat millions of small metal parts.*



# markets

The Company entered 1969 with an order position more than 100% higher than at this time last year. Several substantial defence contracts presently held will insure high capacity usage of both the Toronto and Buffalo plants. The average size of contract is higher than before, which should allow for better efficiency.

The demand for the products of the packaging division continues to grow and the outlook for 1969 is excellent.





*Xyno's newly acquired Automatic Plastics plant in Scarborough, Ont. has 18,000 square feet of manufacturing and office space.*

## financial developments

Sales and earnings have been referred to both at the outset of this report and are presented in detail in the financial statements and comparative statistics.

The capital requirements of the Company during 1968 outstripped the Company's internal cash generation. In order to finance continued growth, a term loan of \$325,000 (U.S. funds) was drawn down by G.I.E. Corporation to cover part of its capital expenditures. In November the Company sold, via a rights issue to its shareholders, \$775,000 7½% convertible debentures, convertible into the Company's common shares at \$10.00 per share.

In August an additional investment of \$150,000 was made in Xyno Plastics Ltd., which is 50% owned, allowing Xyno to make an important acquisition described elsewhere in this report.

A year end dividend of 10 cents per share was paid, which compares to 8⅓ cents in 1966 and 10 cents in 1967.



*Modern injection molding equipment in operation in Automatic Plastics' press room.*

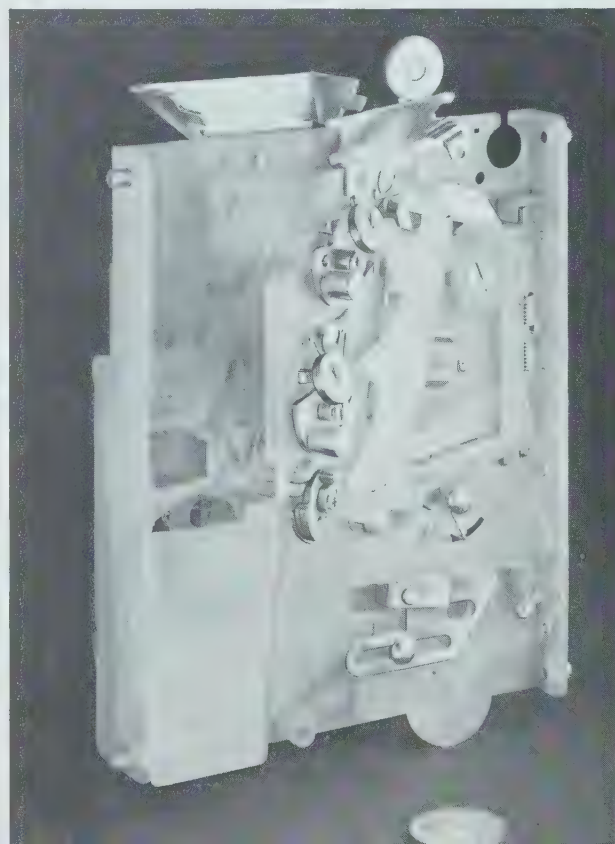
## XYNO PLASTICS LTD.

Xyno Plastics Ltd., in completing its fourth year of operations, more than doubled in scale through the acquisition of Flint Manufacturing & Sales Ltd. Flint Manufacturing, located in Scarborough and operating under the name of Automatic Plastics Co., is a well known supplier of injection molded plastic parts with its own engineering and tooling facilities and a modern physical plant with comparable equipment to Xyno. Since acquisition in August, Automatic Plastics has been effectively integrated with Xyno and the combined plants can now offer a breadth of service matched by few Canadian injection molding companies.

During the year Xyno Plastics Ltd. on a consolidated basis earned \$62,094 and produced a cash flow of \$150,413, compared to \$43,382 and \$81,839 in 1967. The Company's share of these earnings was \$31,047. Due to the growing significance of these earnings these figures are now being consolidated in the income statement.

With the Automatic Plastics acquisition and the improvements brought about in both plants, Xyno's outlook for 1969 is encouraging and record sales and earnings should be achieved.

*Typical of the complex parts being molded from plastic is this coin accepting mechanism for vending machines. Made of glass-filled polycarbonate, it replaces previously used metal stamping and die-cast components.*





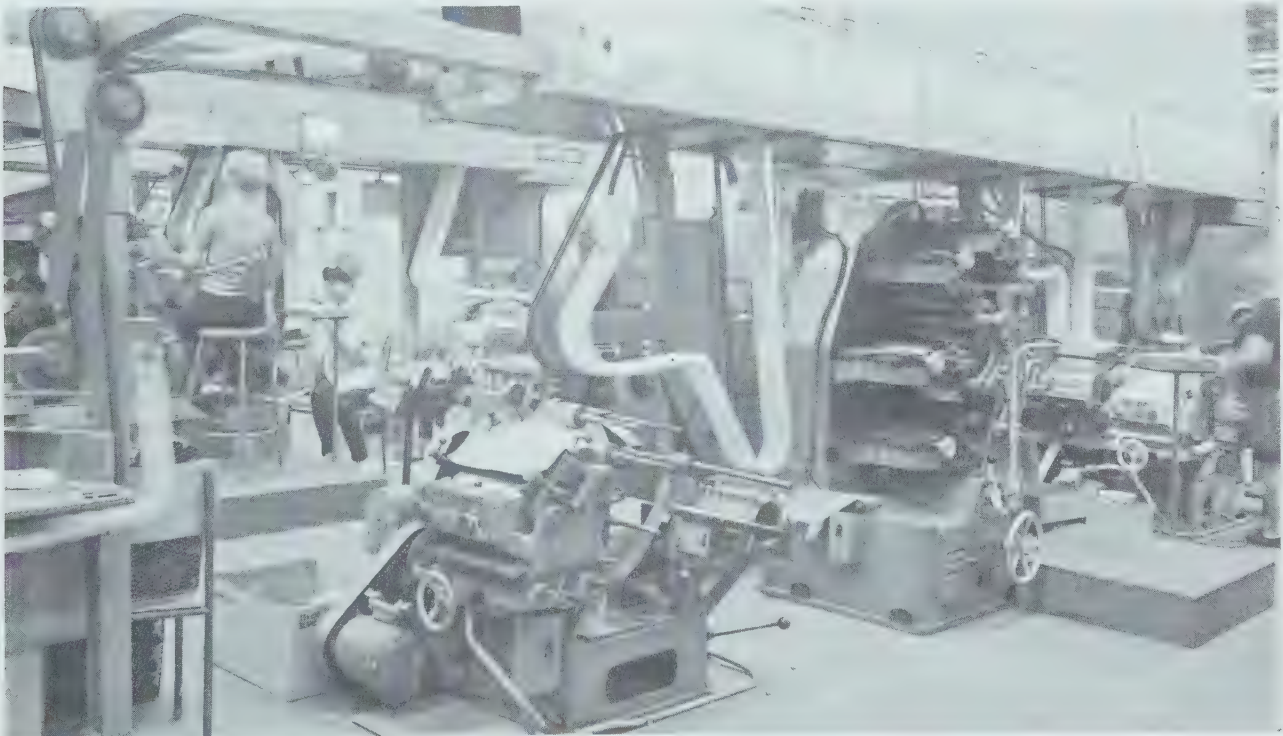
# outlook

The Company continues to grow as a multi-plant organization. With the Buffalo plant operational and well booked for the year, the Toronto plant enlarged and its capacity equally well committed early in the year, and Xyno Plastics doubled in size through acquisition and operating efficiently, the short term outlook is excellent despite certain restrictive factors such as the rapidly rising costs of labour, materials, money and many services. The longer term objectives are to broaden and expand the Company's ability to impact extrude, shape and mold metals and plastics. This will be done, as in the past, through the building up of present facilities. It is also hoped that further opportunity may exist by acquisition of companies in suitably related industries.

The Board of Directors joins me in recognizing and thanking our management, employees, suppliers, customers and shareholders for their important contribution to the Company's progress during 1968.

March 14, 1969

MICHAEL M. KOERNER  
*President*



*One of the Company's automatic collapsible tube lines  
in the Etobicoke plant.*

# GENERAL IMPACT EXTRUSIONS

consolidated balance sheet december 31, 1968

## ASSETS

		1967 As restated (note 11)
Current assets:		
Cash	\$ 187,280	\$ 9,510
Accounts receivable	1,877,672	2,188,394
Inventories at the lower of cost or net realizable value	1,205,598	1,136,829
Containers, tooling and prepaid expenses	297,026	197,651
Total current assets	3,567,576	3,532,384
Fixed assets, at cost less depreciation:		
Machinery and equipment (note 2)	3,102,667	2,093,663
Less accumulated depreciation	1,176,774	881,033
	1,925,893	1,212,630
Equipment under construction	204,190	427,007
Leasehold improvements, at cost less amounts amortized	249,982	232,052
Net fixed assets	2,380,065	1,871,689
Investment in Xyno Plastics Ltd. (50% owned) (note 3)	273,287	87,053
Deferred charges (note 4)	282,649	59,558
	<u>\$6,503,577</u>	<u>\$5,550,684</u>

See accompanying notes to financial statements.

## NOTES TO CONSOLIDATED

1. The consolidated financial statements consolidate the accounts of two subsidiaries, General Impact Extrusions (Manufacturing) Ltd. and G.I.E. Corporation, both of which are wholly owned. Assets and liabilities and income and expense arising in U.S. dollars have been converted at appropriate rates of exchange.

2. The Government of Canada has advanced \$368,717 to the company in respect of machinery with a total cost of \$377,528. 50% of the advance is repayable without interest in annual instalments to 1972 at which time the Government will make a grant of the remaining 50% of the advance. The machinery has been included in fixed assets at \$193,169 being the anticipated net cost to the Company. Title to the equipment is held by the Government until all instalments have been paid.

3. At December 31, 1968 the Company increased the carrying value of its investment in Xyno Plastics Ltd. (Xyno) by \$53,100 being the Company's share of the accumulated net earnings of Xyno since acquisition. Prior to 1968 the Company carried its investment at cost. The comparative financial statements for 1967 have been restated to reflect retroactively the company's share of accumulated net earnings of Xyno as follows:

Increase in retained earnings January 1, 1967	\$ 737
Increase in net earnings for the year ended December 31, 1967	21,316
Increase in retained earnings December 31, 1967	<u>\$22,053</u>

4. Deferred charges include \$265,697 in respect of preproduction and start up costs of the Buffalo plant and \$16,952 in respect of unamortized debenture issue expenses. The preproduction and start up costs will be amortized over a five year period commencing January 1, 1969. The debenture issue expense is being amortized over the life of the related debt.

5. Long-term debt at December 31, 1968 and 1967 consists of:

	1968	1967
Secured:		
By floating charges:		
7½% loan repayable in monthly instalments of \$6,250 plus interest	\$ 106,250	181,250
Less portion due within one year	75,000	75,000
	<u>31,250</u>	<u>106,250</u>
8½% loan repayable in monthly instalments of \$1,000 to May, 1970 and thereafter in monthly instalments of \$8,840 plus interest	238,000	250,000
Less portion due within one year	12,000	12,000
	<u>226,000</u>	<u>238,000</u>
7% promissory note repayable in monthly instalments of \$4,514 commencing October 1, 1969	349,375	—
Less portion due within one year	14,512	—
	<u>334,863</u>	<u>—</u>
By equipment:		
Balance of Government capital assistance grant contracts, repayable in annual instalments to 1972 without interest (note 2)	137,444	152,407
Less portion due within one year	36,872	10,042
	<u>100,572</u>	<u>142,365</u>
Total secured debt	692,685	486,615
Other:		
7½% convertible debentures (note 6)	775,000	—
Total long-term debt	<u>\$1,467,685</u>	<u>486,615</u>



# TD. AND SUBSIDIARIES

th comparative figures for 1967

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967 As restated (note 11)
Current liabilities:		
Bank loans—secured by accounts receivable and inventories	\$1,225,750	\$ 908,423
Accounts payable and accrued liabilities	1,423,251	2,029,415
Income taxes payable	169,186	162,469
Current portion of long term debt (note 5)	138,384	97,042
Total current liabilities	2,956,571	3,197,349
Long term debt (note 5)	1,467,685	486,615
Deferred income taxes	419,300	448,000
Shareholders' equity:		
Capital stock:		
5% non-cumulative first preferred shares of \$100 par value per share. Authorized 2,000 shares; issued and redeemed 1,131 shares; outstanding nil		
2% non-cumulative redeemable second preferred shares of 10 cents par value per share. Authorized 2,000,000 shares; issued nil (note 7)		
Common shares without par value. Authorized 800,000 shares; issued 518,900 shares—stated value (notes 6 and 8)	700,650	700,650
Retained earnings (notes 7 and 9)	959,371	718,070
Total shareholders' equity	1,660,021	1,418,720
	\$6,503,577	\$5,550,684

On behalf of the Board:

MICHAEL M. KOERNER, *Director*

OTTO E. RIEDER, *Director*

## FINANCIAL STATEMENTS

6. On November 15, 1968 the Company issued 7½% convertible debentures in the amount of \$775,000, due November 15, 1978. The debentures are convertible to common shares at any time prior to maturity on the basis of ten common shares for each \$100 principal amount of debentures and are redeemable at the option of the Company at a premium of 20%.

7. On January 17, 1969, the directors approved an election by the Company under Section 105 (2) of the Income Tax Act to pay tax in the amount of \$27,471 on undistributed income totalling \$183,141. Subsequently, the Company declared a stock dividend of 1,556,700 2% non-cumulative redeemable second preferred shares having a par value of ten cents (10¢) each, being three shares in respect of each common share outstanding on January 31, 1969.

8. Options have been granted to certain employees whereby they may subscribe for a total of 10,200 common shares at \$9 per share until December 14, 1969, such price to increase by \$1 each year thereafter. The options expire on December 15, 1972. A further 4,800 shares have been set aside for the granting of additional options to employees at prices not less than \$5.75 per share.

9. Under the provisions of Section 61 of the Canada Corporations Act, \$113,100 of the retained earnings is classified as capital surplus.

10. The following amounts have been charged against operating income:

	1968	1967
Depreciation and amortization	\$ 327,887	232,922
Remuneration of officer-directors	62,500	80,360
Remuneration of directors for services as such	9,700	6,600
Remuneration of senior officers who are not directors	65,022	51,200
Interest on long-term debt including amortization of debenture issue expense	47,637	30,466

11. In addition to the restatement in respect of Xyno Plastics Ltd. referred to in note 3, the comparative figures for 1967 were also restated to record additional share issue expenses of \$2,352 which were paid in 1968 and a transfer of \$2,708 from contributed surplus to retained earnings.

12. Manufacturing and office premises are occupied under two leases requiring aggregate annual payments of \$146,000 to 1982 and thereafter under a single lease requiring annual payments of \$106,000 to 1987.

13. Purchase commitments in respect of machinery and equipment amount to approximately \$330,000 at December 31, 1968.

## CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

year ended december 31, 1968 with comparative figures for 1967

	1968	1967 As restated (note 11)
Sales	\$10,359,814	\$9,992,732
Cost of sales	9,154,463	8,803,401
Gross profit	1,205,351	1,189,331
Selling and administrative expenses	651,910	469,115
Operating income (note 10)	553,441	720,216
Other income	10,003	9,130
Share of net earnings of Xyno Plastics Ltd. (note 3)	31,047	21,316
	41,050	30,446
Earnings before income taxes	594,491	750,662
Income taxes:		
Current	330,000	206,060
Deferred	(28,700)	160,000
	301,300	366,060
Net earnings	293,191	384,602
Retained earnings at beginning of year (note 11)	718,070	435,492
	1,011,261	820,094
Deduct:		
Share issue expense (note 11)	—	45,926
Premium on redemption of preferred shares	—	2,805
Dividends paid:		
Common shares	51,890	51,890
Preferred shares	—	1,403
	51,890	102,024
Retained earnings at end of year (notes 7 and 9)	\$ 959,371	\$ 718,070

*See accompanying notes to financial statements.*

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Impact Extrusions Ltd. and subsidiaries as of December 31, 1968 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries at December 31,

1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in the method of accounting for the company's share of the net earnings of Xyno Plastics Ltd. referred to in note 3.

Toronto, Ontario  
February 19, 1969

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants



## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

year ended december 31, 1968 with comparative figures for 1967

	1968	1967 As restated (note 11)
Funds provided:		
Net earnings	\$ 293,191	\$ 384,602
Charges (credits) not involving cash:		
Depreciation and amortization	328,083	232,922
Deferred income taxes	(28,700)	160,000
Funds provided from operations	592,574	777,524
Issue of long term debt less expenses	1,129,136	362,241
Issue of common shares less expenses	—	586,574
Total funds provided	1,721,710	1,726,339
Used as follows:		
Purchase of fixed assets (net)	835,808	1,039,613
Preproduction and start up costs (note 4)	206,594	59,558
Reduction of long term debt	165,214	210,432
Increase in investment in Xyno Plastics Ltd.	186,234	36,316
Dividends	51,890	53,293
Redemption of preferred shares	—	58,905
	1,445,740	1,458,117
Increase in working capital	\$ 275,970	\$ 268,222

*See accompanying notes to financial statements.*

## FIVE YEARS OF FINANCIAL PROGRESS

	1968	1967	1966	1965	1964
Sales	\$10,359,814	\$9,992,732	\$6,661,466	\$2,900,690	\$1,684,377
Cost of Sales	9,154,463	8,803,401	5,943,362	2,565,472	1,420,628
Gross Profit	1,205,351	1,189,331	718,104	335,218	263,749
Income before taxes	594,491	750,662	394,965	112,348	127,204
Income Taxes	301,300	366,060	196,000	52,322	57,000
Net Income	293,191	384,602	198,965	60,026	70,204
Depreciation charged	327,887	232,922	149,294	153,707	83,197
Cash Flow	592,574	777,524	483,259	258,055	178,401
Net Income per share	0.57	0.74	0.38	0.11	0.12
Cash Flow per share	1.14	1.50	0.93	0.49	0.33
Dividends per share	0.10	0.10	0.083	0.033	0.033
Capital Expenditures	844,343	1,045,113	540,164	470,047	156,784
Number of Employees	683	585	450	383	157



**GENERAL IMPACT EXTRUSIONS LTD.**